

Meets or exceeds all upgraded FY2016 guidance metrics following a strong final quarter

PERTH, AUSTRALIA--(Marketwired - July 20, 2016) -

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June Quarter 2016 Highlights:

- ZERO lost time injuries (LTIs) for the quarter - now 820 days without an LTI.
- Unit cash cost of production of nickel in concentrate of A\$2.25/lb, meeting the bottom end of FY16 guidance.
- Record monthly mill throughput in June and record annual throughput in FY16 of 616,279 ore tonnes.
- Record annual Spotted Quoll production of 15,175 nickel tonnes.
- Positive operational cashflow generated for the quarter.
- Consolidated cash at bank of A\$76 million and debt free.
- Pre-feasibility study for Odysseus Project approved by the Board and commenced in May for delivery end 2016.
- Pre-drilling Heritage Surveys commenced at Cosmos with encouraging progress.
- Continued encouraging lithium assays from Forrestania including 21.5m @ 1.6% Li₂O.

Western Areas ("WSA" or the "Company") (ASX:WSA) is pleased to report the results for the June 2016 Quarter and strong full year results on safety, costs and operational metrics. Full production statistics overleaf show that unit cash costs of production for the quarter remain low, with full year unit cash costs of A\$2.26/lb, coming in at the bottom end of the upgraded FY16 guidance range of A\$2.25/lb to A\$2.45/lb.

Mine production has exceeded FY16 guidance (27,000t nickel guidance vs 27,607t nickel produced), driven by record annual production for the Spotted Quoll mine. Mill production was similarly strong setting a new full year record, with the June quarter the best for the year, despite a five day shutdown associated with Western Power grid upgrades.

Of most importance, there were no lost time injuries for the quarter and the Company is proud to continue to report a lost time injury frequency rate (LTIFR) of ZERO. WSA has now operated for over 2 years without an LTI.

The Company has also progressed a range of organic growth initiatives in line with previously outlined objectives at both Cosmos and Western Gawler.

On the corporate front, a A\$75m capital raising ("raising") via a combined Placement (A\$60m) and SPP (A\$15m) was completed to strengthen the balance sheet, enabling the Company to remain debt free and have the flexibility to fund responsible growth capital.

Recent comments by the Government of the Philippines regarding stronger environmental controls being imposed on nickel laterite operators has contributed to a recent nickel price improvement. Furthermore, commodity market analysts are forecasting the nickel market will be in deficit by 70-75k nickel tonnes in 2016, which WSA believes may also be contributing to the price increase. Partially offsetting these gains has been a higher AUD than predicted.

The full activities report can be viewed at the Company's website www.westernareas.com.au.

COMPETENT PERSON'S STATEMENT

The information within this report as it relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr Charles Wilkinson, Mr Andre Wulfse and Mr Marco Orunesu Preiata of [Western Areas Ltd](http://www.westernareas.com.au). Mr Wilkinson, Mr Wulfse and Mr Orunesu Preiata are members of AusIMM and are full time employees of the Company. Mr Wilkinson, Mr Wulfse and Mr Orunesu Preiata have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Wilkinson, Mr Wulfse and Mr Orunesu Preiata consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

FORWARD LOOKING STATEMENT

This release contains certain forward-looking statements including nickel production targets. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend",

"plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs.

Examples of forward looking statements used in this report include: "commodity market analysts are forecasting the nickel market will be in deficit by 70-75k nickel tonnes in 2016".

This announcement does not include reference to all available information on the Company, the Forrestania Nickel Operation or the Cosmos Nickel Complex and should not be used in isolation as a basis to invest in Western Areas. Potential investors should refer to Western Areas' other public releases and statutory reports and consult their professional advisers before considering investing in the Company.

For Purposes of Clause 3.4 (e) in Canadian instrument 43-101, the Company warrants that Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

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